

**REMARKS/ARGUMENTS**

Upon entry of this amendment, claims 1-3, 5-16, 18-25, 30 and 31 are pending and present for examination. Claims 4, 17, and 26-31 are canceled. Claims 1 and 14 have been amended. Amended claims are supported by the specification and no new matter has been added. Reconsideration is respectfully requested.

**Interview Summary**

Applicants would like to thank Supervisory Examiner Mr. James P. Trammell for the telephonic interview conducted on February 26, 2008, with Applicants' attorney Lu Yin. Mr. Trammell suggested by incorporating features recited in dependent claims, independent claims 1 and 14 may be in a better condition for allowance.

**Claim rejections under 35 U.S.C. §103**

Claims 1-3, 5-16, 18-25, 30 and 31 were rejected under 35 U.S.C. §103(a) as allegedly being unpatentable over Woolston in view of ebay in view of Walker and in further view of Mondera. Applicants respectfully traverse.

**Claim 1**

Claim 1 recites the following:

1. An auction system for a merchandise item in a networked environment, said networked environment comprising at least one client connected to at least one server by a network, said auction system comprising:

a preregistration module coupled to said at least one server for identifying and verifying a user of said auction system wherein said preregistration module checks the credit history of said user and generates a registration record of said user;

an assurance module coupled to said preregistration module for conducting a presale inspection of said merchandise item and to generate a merchandise inspection report, the merchandise inspection report being conducted by an impartial third party, the merchandise

inspection report including a warranty for the merchandise inspection report as an assurance to the buyer;

a description module coupled to said assurance module for displaying said merchandise inspection report and a description report of said merchandise item;

a bidding module coupled to said description module for processing a plurality of bids from a plurality of users, the plurality of users including a buyer for the merchandise item, the buyer is free from providing any condition associated with the merchandise item, wherein said bidding module analyzes each of said plurality of bids from each of said plurality of users to determine whether an incoming bid is higher or lower than a current high bid and to determine a current high bid;

a system database coupled to said at least one server for storing each of said plurality of bids from each of said plurality of users, said merchandise inspection report, said description report and said registration record;

a notification module coupled to said system database for assigning each of said plurality of bids with each of said plurality of users and to notify each of said plurality of users whether their bid is successful;

wherein said merchandise inspection report is displayed prior to said processing a plurality of bids from a plurality of users;

wherein said auction system removes said merchandise item from said auction system if a seller of said merchandise item does not agree with said merchandise inspection report generated by said assurance module.

Among other things, the claim recites that "the buyer is free from providing any condition associated with the merchandise item". None the above cited references, alone or in combination, teach or suggest at least this feature.

In addition, claim 1 recites a "merchandise inspection report including a warranty for the merchandise inspection report as an assurance to said buyer". For example, the warranty ensures the accuracy of the inspection report. In another example, a potential bidder or buyer, seeing that warranty for the inspection report, would know that the merchandise inspection report should accurately describe the merchandise item in an "as is, where is" condition. Among other things, the warranty ensures the accuracy of the inspection report. None the above cited references, alone or in combination, teach or suggest at least this feature. Examiner, on page 3 of

the Office Action mailed October 31, 2008, states that the type of warranty recited in the claim 1 "makes no sense." According to the Examiner, "the Examiner knows of no such warranty procedure where a product is inspected and a warranty is still given on the product regardless of the inspection results." In essence, the Examiner in this statement admitted that this warranty procedure is not disclosed by any prior art. And since this warranty procedure, despites its merits described above, "makes no sense" to the Examiner, the "warranty" recited in claim 1 is non-obvious.

Therefore, at least for the above reasons, claim 1 should be allowed.

Remaining Claims

Applicants respectfully submit that the remaining claims should be allowed for the same reasons as claim 1 and for the specific features they recite.

**Response to Arguments**

Applicants respectfully submit that Examiner's arguments are overcome for the reasons provided above.

**CONCLUSION**

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance and an action to that end is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 650-326-2400.

Respectfully submitted,



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PATENT

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